

ANNUAL REPORT

1936



WOOLWORTH BUILDING
New York

OFFICERS

J. SPENCER WEED	-	-	-	-	-	-	-	<i>President</i>
LANSING P. SHIELD	-	-	-	-	-	-	-	<i>Vice-President</i>
LOUIS C. WADMOND	-	-	-	-	-	-	-	<i>Vice-President</i>
SAMUEL WINOKUR	-	-	-	-	-	-	-	<i>Secretary</i>
THOMAS C. BUTLER	-	-	-	-	-	-	-	<i>Treasurer</i>

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DIRECTORS

PEMBERTON BERMAN

CAXTON BROWN

RALPH T. CRANE

JOHN FOSTER DULLES

ARCHIBALD MACFARLANE

RAY MORRIS

J. SPENCER WEED

New York, N. Y.,
March 3, 1937.

TO THE STOCKHOLDERS:

The consolidated balance sheet as of January 2, 1937 and the consolidated income and surplus accounts for the year ended that date of The Grand Union Company and its subsidiaries are submitted herewith, together with the certificate of our auditors, Lybrand, Ross Bros. & Montgomery.

After deducting depreciation, taxes and all other charges, the net profit for the fiscal year amounted to \$315,341.72, compared with \$184,429.50 for the year ended December 28, 1935. Total sales for the year (53 weeks) were \$29,255,241., exclusive of \$249,959. green coffee jobbing sales, compared with retail sales in 1935 of \$27,996,072., also exclusive of green coffee jobbing sales. At the end of the year the company was operating 663 branches compared with 666 at the end of 1935.

Our ratio of current assets to current liabilities is 4.39 to 1, with cash on hand in excess of the total current liabilities.

J. SPENCER WEED,
President.

THE GRAND UNION
AND ITS SUBSIDIARIES
CONSOLIDATED
At January 31, 1934

ASSETS

Current assets:

Cash on hand and in banks - - - - - \$1,164,849.12

Accounts receivable:

Trade - - - - - \$ 517,480.46

Miscellaneous - - - - - 95,413.89

612,894.35

Less, Allowances for losses - - - 158,341.56 454,552.79

Operating advances to and receivables from agents
and employees - - - - - 20,468.90

Inventories at costs (not in excess of market):

Merchandise - - - - - 2,556,290.16

Premiums - - - - - 191,681.95

Supplies - - - - - 145,609.08 2,893,581.19

Total current assets - - - - - 4,533,452.00

Investments:

Mortgages, at costs, less \$8,201.50 allowance for
losses - - - - - 21,615.75

Miscellaneous, at costs, less \$20,163.63 allowance
for losses (market quotations not available) - 5,449.92 27,065.67

Real estate at market values as at various dates in 1933,
per appraisals of Scott Realty Appraisal Co., plus
addition of \$7,868.14 representing the net amount
at which a mortgage foreclosed during 1934 was
previously carried - - - - - 163,321.42

Less, Allowance for depreciation of improve-
ments - - - - - 8,300.30 155,021.12

Machinery, fixtures and equipment at costs, except as to
\$1,479,857.67 representing revaluations as at De-
cember 31, 1932 by Board of Directors - - - 2,706,226.20
Less, Allowances for depreciation - - - 1,344,507.70 1,361,718.50

Premium merchandise advanced to customers at cost, less
cost of profit-sharing credits - - - - - 426,139.55
Less, Allowance for losses - - - - - 101,483.90 324,655.65

Prepaid expenses, deferred charges, etc. - - - - - 137,538.93
Good will - - - - - 1.00

\$6,539,452.87

NION COMPANY

SUBSIDIARIES

BALANCE SHEET

May 2, 1937

LIABILITIES

Current liabilities:

Bankers' acceptances against coffee received under trust receipts	-	-	-	-	-	-	-	\$	95,124.03
Accounts payable, trade	-	-	-	-	-	-	-	-	772,494.57
Accrued liabilities:									
Taxes	-	-	-	-	-	-	-	\$	107,667.15
Other	-	-	-	-	-	-	-	57,079.53	164,746.68

Total current liabilities	-	-	-	-	-	-	-	-	1,032,365.28
Employees' fidelity and other deposits	-	-	-	-	-	-	-	-	80,494.11
Mortgages on real estate	-	-	-	-	-	-	-	-	11,000.00
Liability to minority stockholders of dissolved subsidiary company	-	-	-	-	-	-	-	-	2,663.25
Reserves:									
For unredeemed premium tickets	-	-	-	-	-	-	-	45,462.81	
For rentals and expenses of closed stores and warehouses	-	-	-	-	-	-	-	9,310.67	54,773.48
									<u>1,181,296.12</u>

Note: The company is contingently liable for approximately \$41,000 of unused balances of letters of credit.

CAPITAL

Capital stock:

Convertible cumulative preference stock without par value, entitled to \$60 per share on redemption or in liquidation:

Authorized 500,000 shares

Issued and outstanding 159,550 shares of

\$3 dividend series - - - - 3,988,750.00

Note: After giving effect to the December 1, 1936 dividend payment, the dividends on the preference stock as at that date were in arrears \$3.37½ per share.

Common stock, par value \$1 per share:

Authorized 750,000 shares (of which 239,325 are reserved for conversion privilege attaching to preference stock) - - -

Issued and outstanding 288,617 shares - 288,617.00

Note: 13,500 shares of common stock are under option at \$2.50 per share (1,000 shares to May 1, 1937, 3,500 shares to May 31, 1937, 1,000 shares to May 1, 1938 and 4,000 shares for each of the years ending May 31, 1938 and 1939) out of a total of 44,200 shares reserved for issue at not less than \$2.50 per share.

Capital surplus, including \$2,625 arising in 1936 through issue of common

stock at prices in excess of par value \$666,742.14

Earned surplus, as annexed - - - 414,047.61 1,080,789.75 5,358,156.75

\$6,539,452.87

CONSOLIDATED INCOME ACCOUNT

for the fifty-three weeks ended January 2, 1937

[illegible]

CONSOLIDATED EARNED SURPLUS ACCOUNT

for the fifty-three weeks ended January 2, 1937

Balance, December 28, 1935	-	-	-	-	-	-	\$278,195.03
Net income for 1936, as annexed	-	-	-	-	-	-	315,341.72
							593,536.75
Dividends paid on preference stock	-	-	-	-	-	-	179,489.14
							\$414,047.61
Balance, January 2, 1937	-	-	-	-	-	-	

AUDITORS' CERTIFICATE

TO THE GRAND UNION COMPANY,
New York, N. Y.

We have made an examination of the consolidated balance sheet of THE GRAND UNION COMPANY and its Subsidiaries as at January 2, 1937 and of the related statements of income and surplus for the fifty-three weeks then ended. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made general reviews of the accounting methods and of the operating and income accounts for the fifty-three weeks, but we did not make detailed audits of the transactions.

In our opinion, based upon such examinations, the foregoing consolidated balance sheet and related statements of consolidated income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the fifty-three weeks under review, the consolidated position of the companies at January 2, 1937 and the consolidated results of their operations for the fifty-three weeks then ended.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, February 23, 1937.

